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**PORT OF LOS ANGELES**  
**Report to Management**  
**For the Year Ended June 30, 2009**

MGT.  
4/21/10



**MACIAS GINI & O'CONNELL LLP**  
Certified Public Accountants & Management Consultants

LOS ANGELES  
515 S. Figueroa Street, Suite 325  
Los Angeles, CA 90071  
213.286.6400

SACRAMENTO

OAKLAND

WALNUT CREEK

NEWPORT BEACH

SAN MARCOS

SAN DIEGO

January 29, 2010

Board of Harbor Commissioners  
Port of Los Angeles  
425 South Palos Verdes Street  
San Pedro, California 90731

Dear Board of Harbor Commissioners:

We have audited the financial statements of the Port of Los Angeles (Harbor Department of the City of Los Angeles, California) (the Port) for the year ended June 30, 2009. In planning and performing our audit, we considered the Port's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, during our audit, we became aware of certain matters that are opportunities for strengthening internal accounting controls and operating efficiencies. The memorandum that accompanies this letter summarizes our comments and recommendations regarding those matters. This letter does not affect our report dated January 29, 2010, on the financial statements of Port of Los Angeles.

This report is intended solely for the information and use of management of the Port of Los Angeles, the members of the Board of Harbor Commissioners, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Port personnel and have included management's responses to our recommendations in the attached memorandum. We will be pleased to discuss these comments in further detail at your convenience, to perform additional study of these matters, or to assist you in implementing the recommendations.

We would like to express our appreciation for the courtesy and assistance extended to us during our audit by all of your staff.

We would be pleased to discuss with you at your convenience the matters contained in this letter or any other matters which you would like to discuss.

Sincerely,

*Macias Gini & O'Connell LLP*

Certified Public Accountants  
Los Angeles, California

**PORT OF LOS ANGELES  
REPORT TO MANAGEMENT  
FOR THE YEAR ENDED JUNE 30, 2009**

**Enforce current policies and procedures on tracking of equipment**

**Condition**

We noted that there were equipment items that did not have an identification number placed on the equipment. Failure to properly identify and tag equipment may result in noncompliance with grant guidelines.

**Recommendation**

We recommend that the Port further enforce policies and procedures in place to ensure proper accounting of capital asset items.

**Management Response**

The Port of Los Angeles (Port) understands the importance of maintaining and complying with required equipment controls, and continues its commitment to adhere to equipment records, source of equipment, acquisition title and cost, and equipment tracking and monitoring as required per OMB Circular A-110. Port staff diligently works closely on controlling, tracking, monitoring, and inspecting any equipment item purchased with Federal and State agency funds. Recognizing that under certain weather conditions and the constant exposure to the marine environment, the Port of Los Angeles will amend its Port Police equipment policy and procedures by providing a feasible and responsible solution to handle equipment within certain controlled exposures. Therefore, the Port will modify (see italics below) the Port Police equipment policy and procedures to read as follows: "It is acknowledged that constant exposure to the marine environment by some equipment may prohibit affixing an inventory tag. In that event, the Port Police inventory tag number will be engraved, *when it is desirable and practical under certain weather conditions and when the engraving does not damage equipment or void warranty*, in an appropriate location on the equipment, and the physical inventory tag will be destroyed to prevent its use on another piece of equipment." Further, Port will incorporate the above in its Departmental Grant Policy.